



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

September 29, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3489

Mr. Robert Harris
West Desert Collectors
278 West Main
P.O. Box 102
Delta, Utah 84624

Re: Notice of Potential Non-Compliance & Division Directive, West Desert Collectors, Tetla
Septarian Mine, S/025/006, Kane County, Utah

Dear Mr. Harris:

On June 25, 2003, Will Stokes of the State Institutional Trust Lands (SITLA) and Mr. Tom Munson inspected State Leases ML-41355 and ML-48588 to assess the status of this permit and verify if the permitted area encompassing these two leases was below five acres. **This letter informs you have exceeded the five-acre limitation for your small mining permit. The total surface disturbance currently totals 9.69 acres between these two leases.**

During a phone conversation you had with Mr. Munson in late August, 2003, concerning areas that have been disturbed by Mr. Mike Caruso on Lease ML-48588 (2.13 acres) and Lease ML-41355 (0.75 acres), you informed Mr. Munson that you would assume full reclamation responsibility for those areas. The following table lists the current disturbances (in acres) and the status (by area) of the mining disturbances on those leases.

Lease #ML-48588

Area #1- Disturbance made by Caruso (active) -	2.13 acres
Area #2 - Regraded but not seeded -	1.45 acres
Area #3 - Partially regraded and not seeded-	<u>2.69 acres</u>
Total acreage for lease ML-48588	6.27 acres

Robert Harris
Page 2 of 3
S/025/006
September 29, 2003

Lease #ML-41355

Area #1- Reclaimed	1.09 acres (not counted)
Area #2 - Regraded but not seeded -	1.87 acres (1.11 acres + .75 acres)
Area #3 - Active Mine Disturbance -	.80 acres
Area #4 - Disturbance made by Caruso (active) -	<u>.75 acres</u>
Total acreage for lease- ML-41355	3.42 acres

Total acreage for the two leases 9.69 acres

During your August phone conversation, you stated that the 3.32 regraded acreage (1.45 + 1.87 acres) are scheduled to be seeded this fall. You also stated that Area #3 (2.69 acres) within Lease # ML-48588 will be regraded and seeded this fall. These two areas total 6.01 acres. When this grading and seeding work is completed, the remaining active disturbance will total 3.68 acres.

You are hereby directed to complete the regrading and seeding of the 6.01 acre areas by November 7, 2003. *Please contact Mr. Munson or me at least 10-14 days before this work is scheduled, so we can arrange to have someone present during the regrading and seeding activities.* Your failure to complete this work within the prescribed timeframe may result in additional enforcement action which could require immediate suspension of mining operations, the filing of a large mine permit application and the immediate posting of a transitional reclamation surety with our office.

Until this reclamation work is completed and verified, no further expansion is allowed. Please mark the boundary of the active disturbed areas with metal t-posts or other appropriate markers to ensure that operations are not conducted outside the currently disturbed areas.

As a point of clarification, you have dropped lease ML-46643 on your other septarian permit (file # S/025/020). That site will be inspected this fall and if no disturbance has occurred, that permit will be closed. The Division's Related and Neighboring Sites Policy states that *"noncontiguous mining and exploration disturbances, under the control of one operator, will be considered as one operation regardless of aggregate acreage, when the outer boundary of one disturbed area is within a two mile radius of the outer most boundary of another disturbed area."* If there is disturbance at this site, that area will be combined with this Tetla Septarian Permit # S/025/006.

Robert Harris
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September 29, 2003

If you have any questions regarding this letter, please contact me at (801) 538-5286, or Mr. Munson at 538-5321. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is written in a cursive, flowing style.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
enclosures: SITLA & DOGM Inspection Reports
cc: Mike Caruso
Loy Crapo
Mary Ann Wright, DOGM
O:\M025-Kane\S0250006-Tetlaseptarian\final\potential noncomp-09292003.doc
cc: Will Stokes - SITLA



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September 4, 2003

TO: Minerals File

FROM: Tom Munson, Senior Reclamation Hydrologist 

SUBJECT: Site Inspection, West Desert Collectors, State Lease ML 41355, S/025/006, Kane County, Utah

Date of Inspection: June 25, 2003
Time of Inspection: 10:00 – 11:00 a.m.
Conditions: Sunny
Participants: Tom Munson, DOGM

Purpose of Inspection: To confirm the amount of disturbance and the amount of regrading or reclaimed areas that exist within this permit

Observations:

The area that we call the fence area, which is in the S1/2 of the W1/2 of Section 31, has three areas that have been disturbed but are in various stages of being reclaimed.

The first area visited, "the south area" totaling 1.09 acres, has been reclaimed and appears to be growing good vegetation. The "middle area" consisting of 1.11 acres, has recently been reggraded but not seeded by Mr. Loy Crapo. The "north area" still has a small disturbed pit and waste dump totaling about .8 acres. The total of these three areas is 3.0 acres.

The mine related disturbances found in the N1/2 of the W1/2 of section 31 involves two areas. One area is .76 acres, which was recently reggraded but not seeded by Mr. Loy Crapo. The regrading work is considered acceptable. Another disturbed area also which was originally attributed to Mr. Caruso's Lease ML-26996, under permit S/025/027, is on Mr. Harris's lease, attributing to an additional .75 acres of unreclaimed disturbance to Mr. Harris's Lease ML-41355. The total disturbance, unreggraded, unreclaimed within lease ML 41355 is 1.55 acres.

Conclusions and Recommendations:

It is appropriate that Mr. Harris be aware that he has 1.55 acres of open disturbance and 1.11 acres of reggraded area, which is not seeded for a total of 2.62 acres which has not been released within Lease ML-41355. We will consider 1.09 acres reclaimed, as shown on the attached map.

jb

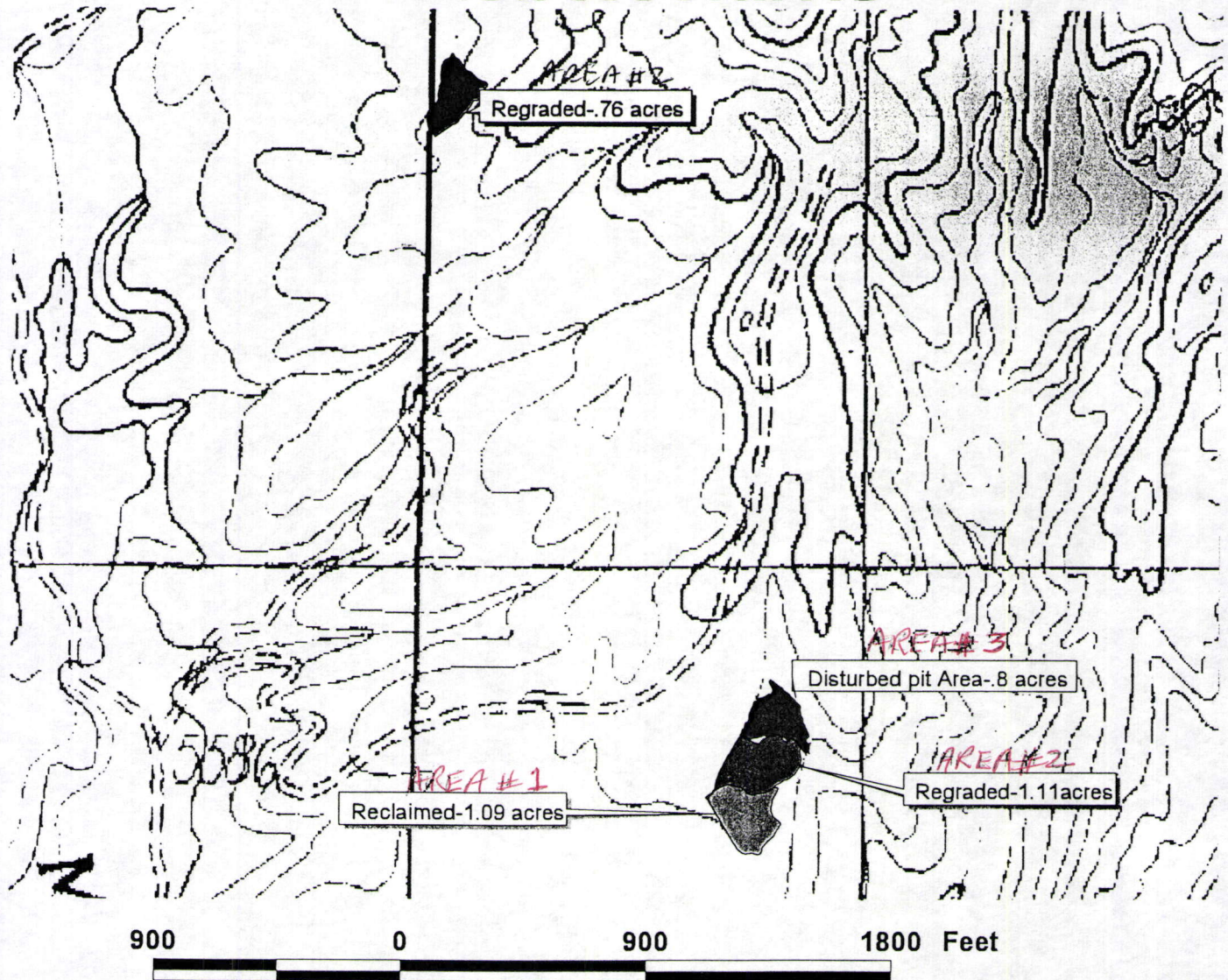
Attachment: GPS map

cc: Robert Harris, operator

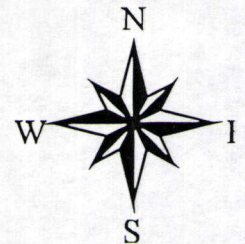
O:\M025-Kane\S0250006-tetlaseptarian\inspections\insp-06252003.doc

Utah!
Where ideas connect

S/025/006
State Lease - ML 41355
Robert Harris



- Regraded - 1.86 acres
- Reclaimed -1.09 acres
- Disturbance Pit - .8 acres



Site Inspection Date: 6/25/03
Location : W1/2, Section 31
T40 S, R7W
USGS Quadrangle-Orderville(Q1403)

This product may not meet DOGM standards for accuracy and content. Different data sources and input scales may cause some misalignment of data layers.



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September 3, 2003

TO: Minerals File

FROM: Tom Munson, Senior Reclamation Hydrologist *tm*

SUBJECT: Site Inspection, Mike Caruso, ML-26996 / ML-41354 Project, S/025/027, Kane County, Utah

Date of Inspection: June 25, 2003
Time of Inspection: 11:00 – 12:00 a.m.
Conditions: Sunny
Participants: Tom Munson, DOGM

Purpose of Inspection: To confirm the amount of disturbance currently being held in relationship to this permit and State Lease.

Observations:

There are two areas associated with the State Lease which exists within the NE1/4 of the NE1/4 of Section 36, T40S, R8W, found within the Orderville USGS quad. The southern area of these two areas is 1.5 acres of disturbance; half of which exists on Mr. Harris's State Lease ML-41355. We will only attribute about .75 acres of this area to Mr. Caruso's lease ML-26996, the other .75 acres to Mr. Harris's ML-41355.

The second area is 1.28 acres, all within State Lease ML-26996. Both of these areas are totally unreclaimed and are considered mining related disturbance attributed to this permit. Adding 1.28 acres with .75 acres, there is a total of 2.03 acres total disturbance which will be attributed to lease ML-26996.

It is also important to mention that approximately one acre of disturbance is attributed to lease ML-41354 which is also part of this permit, bringing the total disturbance for this permit to approximately 3.03 acres.

Conclusions and Recommendations:

This site still remains within the five acre small mine status. The total of this disturbance has not increased significantly since the last inspection. The most important

Site Inspection
Page 2 of 2
S/025/027
September 3, 2003

observation is that a portion of the area mined by Mr. Caruso is found on Mr. Harris's Lease # ML-41355. If Mr. Caruso plans to create any disturbance in the future, it must be reported and receive Division and SITLA acceptance prior to any disturbance being made.

jb

Attachment: GPS map

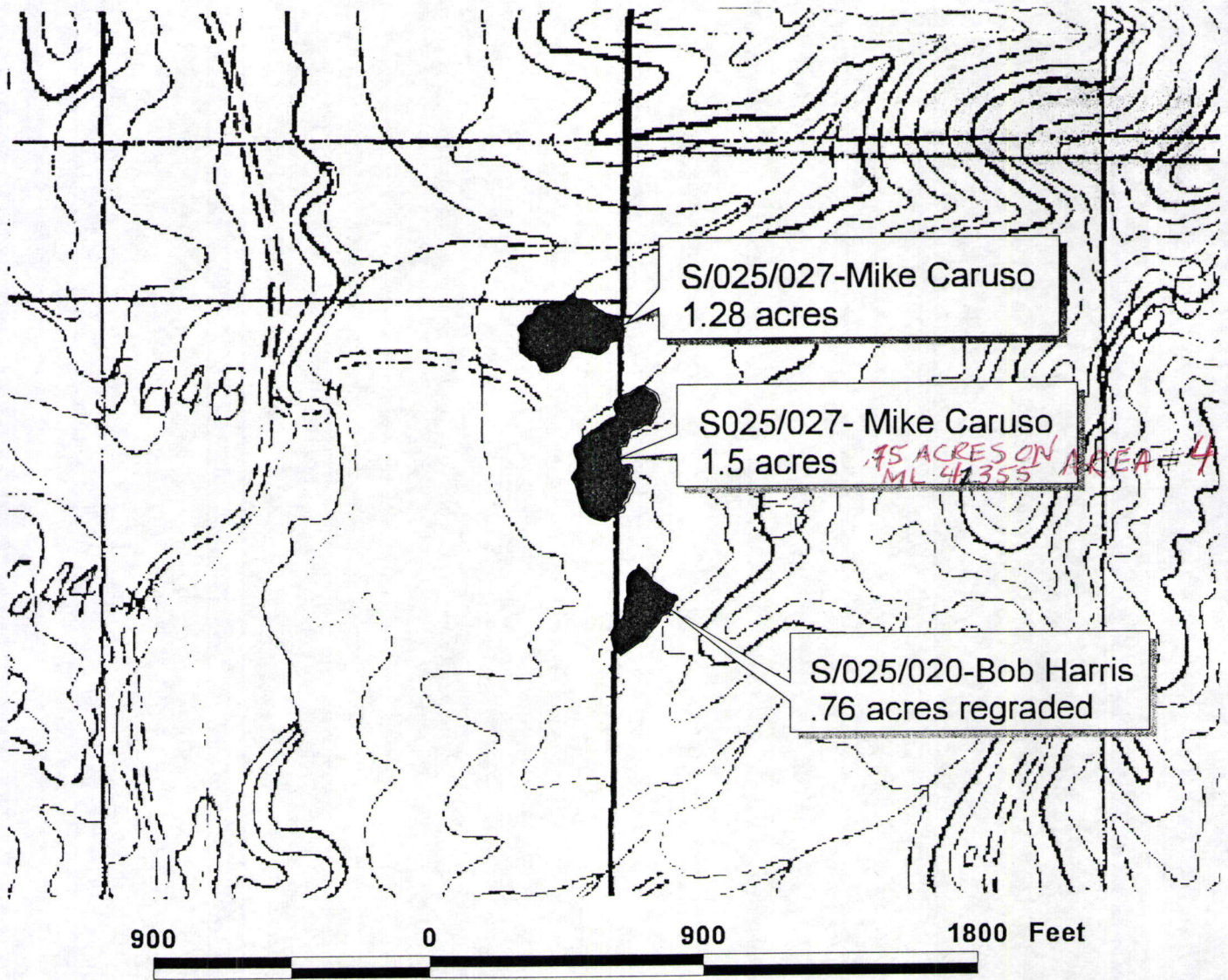
cc: Mike Caruso, Operator
Robert Harris (file S/025/020)
Will Stokes, SITLA (ML/26996)

O:\M025-Kane\S0250027-CarusoML26996&41354\inspections\insp-06252003.doc

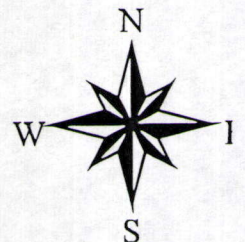
S/025/027

State Lease - ML 26996

Mike Caruso



- S/025/020-.76 acres regraded
- S/025/027- 2.78 acres disturbance



Site inspection date: 6/25/03

Location: NE1/4, NE1/4, T40S, R8W, SEC 36

USGS Quad-Orderville(Q1403)

This product may not meet DOGM standards for accuracy and content. Different data sources and input scales may cause some misalignment of data layers.

5/025/006

RECEIVED

JUL - 5 2003

SITE INSPECTION REPORT

Orderville, Muddy Creek Gemstone Lease:
ML 48588

DIV. OF OIL, GAS & MINING

Date of Inspection: June 23 & 24, 2003
Persons Present: William M. Stokes, SITLA
Tom Munson, DOGM
Conditions: Sunny and Warm
Lands Inspected: NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 36, T.40S., R.8W, SLB&M (ML 48588)

The purpose of the inspection was to determine the acreage of mine related surface disturbances that exist on the subject lands. These lands are held under lease by Robert L. Harris. Reclamation bonding is listed under the former lease number ML 19890. Bonding consists of a certificate of deposit, number 058-908632-1, in the amount of \$2,000.00, issued by Zions Bank and a cash bond in the amount of \$700.00 which is the remainder of a forfeited bond deposited by Mark Johnson for excavations on leases held by Olga Berry.

The NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 36 was examined by Mr. Stokes while Tom Munson conducted inspections of other mined sites in the same general area. Within the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 36 there exists two active mining areas and two areas where some surface reclamation had been performed. A GPS survey was made of each of the four mine related surface disturbances. Accompany this report is a topographic map of Section 36 on which is depicted the lands held under lease ML 48588 as well as lands encompassed by an adjacent lease, ML 27681, in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 36. The purpose of this map is to graphically depict active mine sites that have extended excavations beyond the boundaries of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ onto BLM land, to the north, and adjacent leased land to the west. Also accompanying this report is a detailed map of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 36 which depicts the four surveyed sites and the acreage that each site encompasses.

The northern active mine site, which is depicted on the attached map as the Caruso Active Mine Site, encompasses approximately 2.13 acres of mine related surface disturbance - none of which has been reclaimed. At the time of the inspection a Trackhoe was parked just north of Section 36 on BLM lands in Section 25 where mining is currently being conducted.

The second area inspected is a mined area that had recently been graded in preparation for seeding. This area encompasses 1.45 acres and is identified on the accompanying map as graded but not seeded.

The third area inspected is an area that has been partially graded and not seeded. This area encompasses approximately 2.69 acres and is essentially the overburdened from active mining that is progressing westward. This area is identified as partially graded in that some additional contouring is required before seeding is done.

The fourth area surveyed is an active mine site encompassing 1.38 acres. This site is identified on the accompanying map as the Harris Active Mine Site. At the time of this inspection a Trackhoe and other equipment were on the site. Mining at this site is progressing to the west and the active mine face is off the lands encompassed by lease ML 48588 (NE $\frac{1}{4}$ NW $\frac{1}{4}$) and is being conducted lease ML 27681 (NW $\frac{1}{4}$ NW $\frac{1}{4}$).

Included in this report, along with the previously mentioned maps, are several captioned photographs, arranged in the order as discussed in the text of this report, which depict the condition of each surveyed sites as observed at the time of this inspection.

A topographic map of Section 36, T. 40 S., R. 8 W. The map features contour lines, a grid, and several labeled areas. A large rectangular area is outlined in the center, with two callout boxes pointing to specific locations. The map also includes various handwritten and printed annotations, including '4WD', '5962', '5648', '5689', and '5586'. A small box on the right side contains text about a survey.

ML 27681
NW $\frac{1}{4}$ NW $\frac{1}{4}$
Crapo 50%
Crauso 50%

ML 48588
NE $\frac{1}{4}$ NW $\frac{1}{4}$
Olga Berry
Harris, Operator

T. 40 S., R. 8 W., Section 36
Site Inspection of ML 48588
Inspected, June 25, 2003



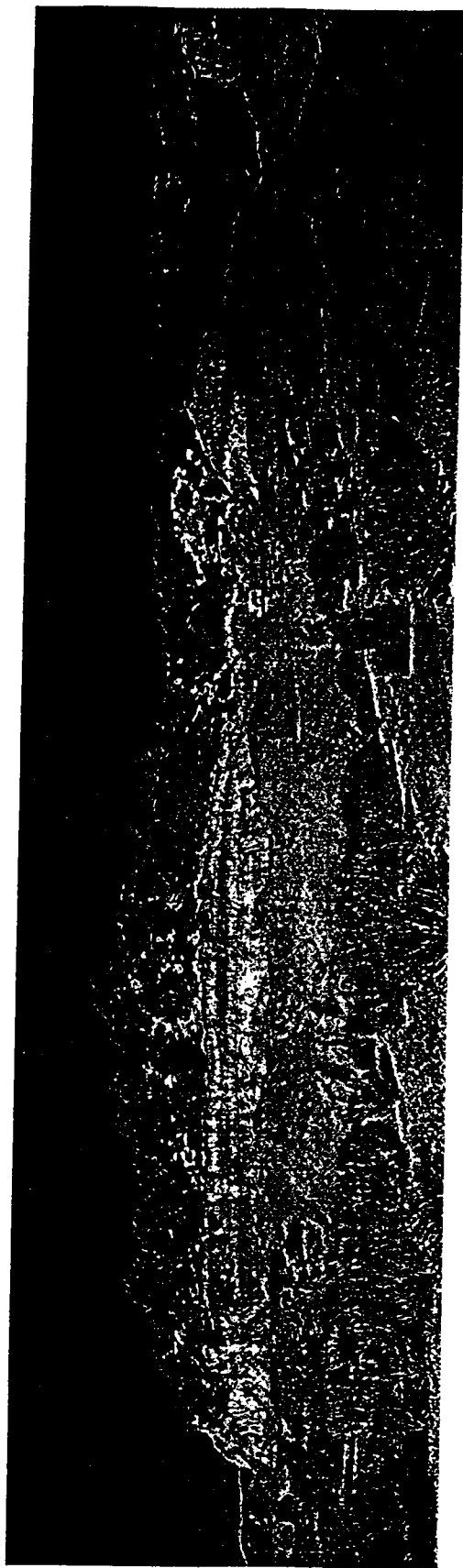
Crauso Active Mine Site
2.13 Acres *AREA #1*

Graded but not seeded
1.45 Acres *AREA #2*

AREA #3
Partially Graded & Not Seeded
Approximately 2.69 Acres

Harris Active Mine Site
1.38 Acres

Mine Related Disturbances
NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W.
ML 48588
Inspection, June 25, 2003



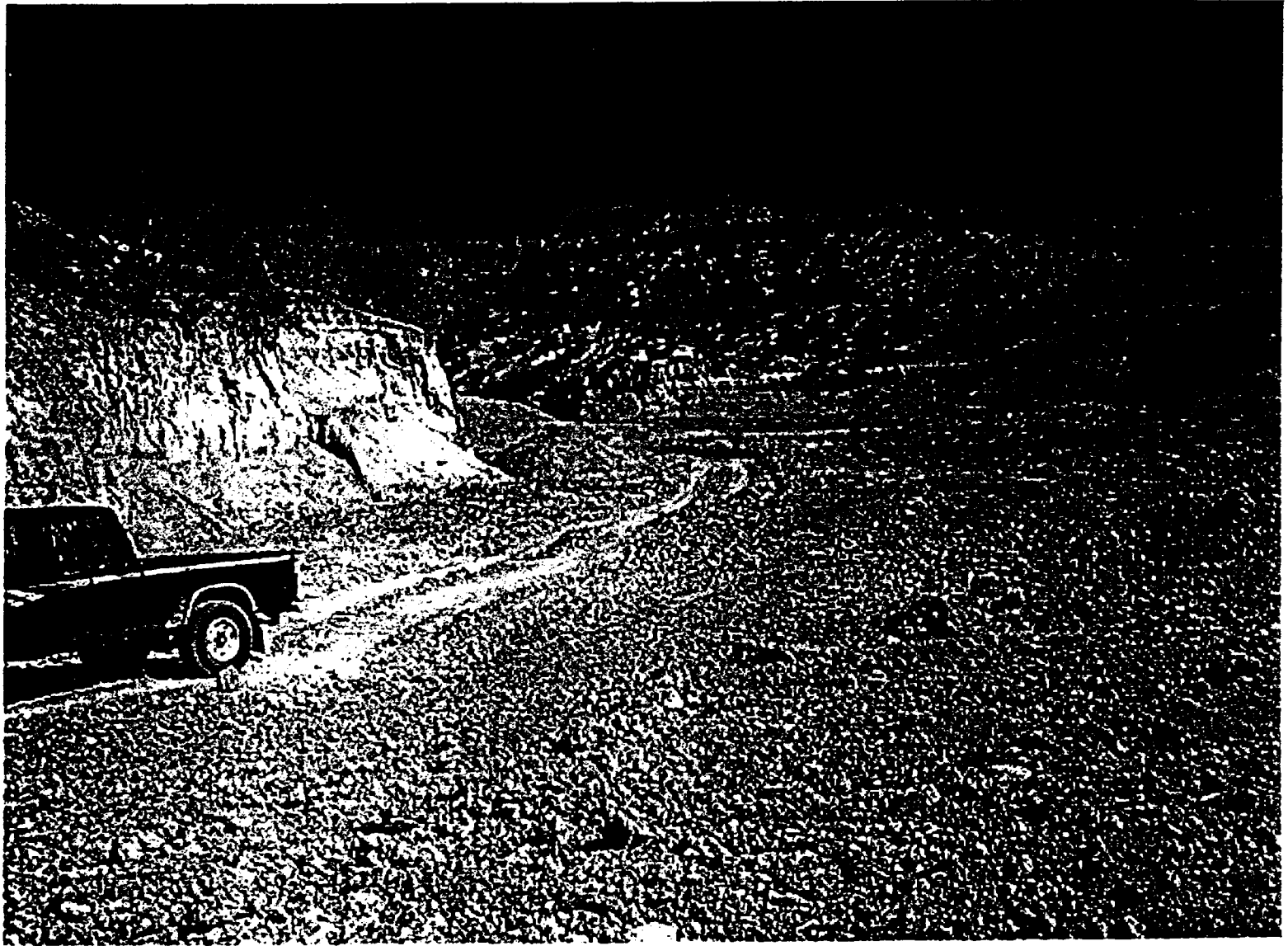
Panorama of the Crauso excavation located in the NW corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of section 36. Looking east on the left side of the photo and north on the right of photo. The present digging is at the high wall on the right of the photo and is north of and off of section 36. Note vehicle for scale.



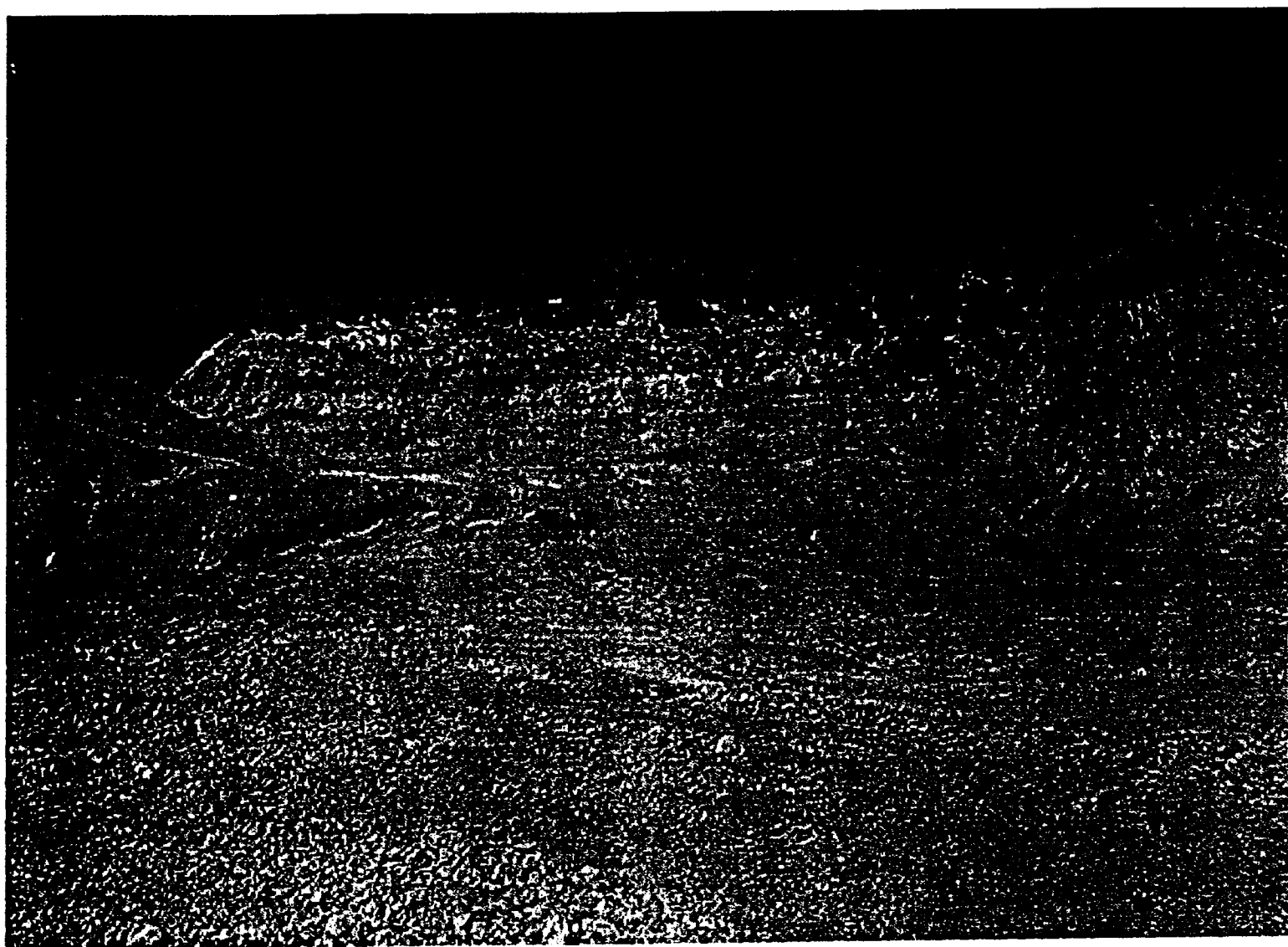
Looking north from the top of an overburden pile near the center of the Crauso mine site. The Trackhoe is digging on BLM lands which are claimed by Rex Harris.



Looking southeast, from the same location as the previous photograph, along the high wall of the Crauso mine site. It appears that no active mining has been done on this part of the Crauso site since the summer of 2002.



Looking north from the southeast edge of the 1.45 acre graded area. The Crauso site is in the background at the base of the hill. This area will require seeding.



Looking west from the same location as the previous photograph onto the western portion of the 1.45 acre graded area.



Looking northeast onto the 1.45 acre graded area.
The arrow shows the location from where the two previous photographs
were taken. The edge of the overburden, shown on the right
side of the photograph may require rounding
before seeding



Panorama of the active Harris site, on the right, and the partially graded 2.69 acres on the left of the photograph. This photo was taken from the southwest side of the Harris pit.



Looking east from the top of the west highwall of the Harris site onto the partially graded area that is part of the Harris operation. The partially graded area requires some additional work before it is seeded.



Looking south across the Harris mine site. The mine face is located on ML 27681, the NW $\frac{1}{4}$ of section 36.

The common boundary between ML 48588 and ML 27681 runs through the center of the pit. See attached mine disturbance map.

The highwall of the pit is approximately 25 feet high. The previous panoramic photograph was taken from near the Trackhoe.